WORLD BANK NEWS

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REPORTS

Fight Against Hunger is Winnable

People need not be hungry and the 750 million men, women and children who go without enough to eat each day, mainly in developing countries, can be greatly reduced in number by attacking the poverty which is the main cause of their hunger, says a new World Bank report.

Calling the number of hungry people "staggering," the report, *The World Bank's Strategy for Reducing Hunger and Poverty*, argues against the common conviction that hunger is primarily caused by droughts, famines and wars. Rather, hunger is the manifestation of extreme poverty. "Silent hunger" that is chronic, widespread and deep-rooted is caused by people being able neither to produce enough food nor to pay for it.

Ismail Serageldin, the Bank's vice president for Environmentally Sustainable Development, says: "The fight against hunger is winnable. In the nineteenth century some people declared slavery was unconscionable and unacceptable, that it degraded the free as well as the slaves, and that it must be abolished. They were called abolitionists. Today, hunger asso-

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LENDING

Azerbaijan Oils the Wheels of Development

IDA Credit to Promote Development of Oil Sector

Although it's the third largest oil producer among the nations of the former Soviet Union and one of the oldest oil producing regions in the world, the continued deterioration of Azerbaijan's petroleum infrastructure may soon force this oil-rich nation to import oil for the first time in its history.

Oil has traditionally generated substantial revenue for Azerbaijan, making up about one-third of total exports. Increasing investment and exports through development of the country's considerable

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World Bank/Jan Pakulski

Cleaning up its oil act.

INSIDE ...

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People-Centered Policies Can Defeat Hunger

HUNGER, *from page 1*

ciated with extreme poverty in a world that has the means to feed its people is unconscionable and unacceptable. We must become the new abolitionists."

Abolishing hunger, however, requires an interlocking combination of economic, social and nutrition policies because hunger variously reveals itself as starvation, chronic undernutrition, and specific nutrient deficiencies.

"People-centered policies work best in combating hunger and poverty. Ample evidence exists to show that broad-based, sustainable economic growth coupled with improved access to education, health care, and social services reduced poverty and goes a long way to fighting hunger," says Serageldin..

The report stresses that the conditions in each country and the characteristics of particular groups of poor should determine the strategy pursued. But, the report says, "The Bank recognizes that it cannot carry out these actions alone. Defeating hunger requires the active participation and collaboration of national governments, international organizations, bilateral agencies, non-governmental organizations (NGOs), community-based organizations (CBOs) and the empowerment of the poor."

There are several key elements to broad-based economic growth.

- Government policies which encourage economic growth whose pattern helps the poor use their labor—their most abundant asset—by particularly removing policies which discriminate against agriculture, peasants and women and by protecting them during economic reforms.
- Investing in people through education, health, family planning and nutrition, so the poor can take advantage of the opportunities growth creates.
- Supporting agriculture to make better use of technology and increase agricultural research
- Environmental sustainability, a vital link with increasing food production.
- Expanding participation by the poor through greater access to credit, land and services such as irrigation and through the more widespread involvement of NGOs and CBOs in projects. Special efforts are needed to reach the poorest.

But economic policy alone is not enough, the report says. It points out that even if all developing countries grew as fast as East Asia in the 1980s, "there would still be hundreds of millions of hungry people. Cost-effective actions targeted to improve the health, nutrition, and income-earning capacity of the poor are necessary to reduce this suffering..."

Effective actions include:

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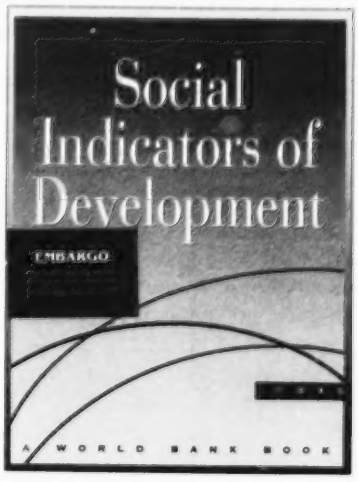
World Bank/C. Carnemark

Plenty for all.

Bank Releases Yearly Statistical Look at Development

For hundreds of million of the world's poor, living standards are improving, but progress has been uneven. That's the message from the latest available estimates of fertility, life expectancy, illiteracy, access to health care and shares of GDP for selected social spending in 191 economies around the world compiled in the World Bank's annual *Social Indicators of Development*. The 1995 edition of the statistical report monitors socio-economic development for individual countries, and presents a framework to compare key country indicators.



For more information on *Social Indicators of Development*, contact Merrell Tuck at (202) 473-9516. For ordering information, call (202) 473-1155.

VERBATIM *Below are excerpts from Acting World Bank President Gautam Kaji's April 25 address to a meeting of G-24 ministers. The ministers were gathered as part of the annual World Bank/IMF Spring Meetings this week.*

IDA Needed More Than Ever

"Mr. Chairman, in its *Global Economic Prospects* report released last week, the World Bank indicated that the market-oriented reforms undertaken by many developing countries over the last five years, have allowed them to grow, on average, about 2.5 percentage points a year faster than the industrial countries. Provided the momentum of reform is maintained, the Bank projects a further decade of sustained expansion for the developing countries, at an average rate of over 5 percent a year—almost double that of the industrial countries.

Gautam Kaji

This is good news. The Bank also cautioned, however, that the developing nations face greater volatility and fraction in the next decade: caused by sharp movements in financial markets; and the need for continual adjustment across industries, sectors, and countries in the increasingly competitive global economy. Indeed, the "new" global economy is characterized, above all, by rapid change. And no country is affected neutrally.

In fact, there is a continuum of transition: from those countries that are growing rapidly and attracting increased private capital flows, but which face new challenges of market volatility and policy management (Mexico, of course, comes to mind); to those countries that have not yet found the key to entering the new world of expanded trade and capital flows, and are hampered by basic economic and capacity constraints (this group ranges from the nations struggling to establish market systems in the former Soviet Union, to the poorest countries of Africa).

For the poorest countries, in particular, the development agenda remains more acute than ever, if we are not to slip into a "two class" world where very large numbers of people are excluded from the global economic and information revolution—and consigned to permanent poverty.

To avoid this outcome—but more than this, to help the poorest countries become more fully integrated into the global economy—the role of IDA is absolutely critical. You are all familiar with IDA's record. For 35 years now, it has been the backbone of the international community's efforts to help the low-income nations help themselves. It has been an advisor on economic reform in the poorest countries; the largest investor in their health, education and environmental programs; and their partner in building much-needed infrastructure and markets.

And yet, despite this record, IDA today is at a critical pass. There is some question about the fulfillment of donor commitments under IDA-10; and given the budgetary and political climate in a number of donor countries, achieving an adequate IDA-11 will be an enormous challenge. Against this background of uncertainty, it is worth reminding ourselves—and the international community—of the valuable asset that we have available to us and why it must not be put at risk.

First—and most important—is what IDA does on the ground in partnership with its borrower countries. Because of projects supported by IDA over the last several years:

- malnutrition among small children was cut by half in 6,000 villages in India;
- over 6 million textbooks were distributed to primary schools in Africa;
- nearly a quarter of a million women and children in Bolivia received basic health care and nutrition.

This list could go on, but the message would be the same: IDA helps the world's poorest people to become more productive and more capable of contributing to their own and their country's future.

Second, IDA does this in an efficient, cost-effective way. Because IDA is managed by the World Bank, the projects it finances are subject to the Bank's rigorous analysis, management, and evaluation. Moreover, every dollar contributed by a single donor to IDA leverages five dollars from other donors.

Third, IDA not only leverages resources, it leverages change:

- Between 1988 and 1993, real annual GDP grew by nearly 5 percent in the 19 Sub-Saharan African countries with IDA-supported reform programs; countries without reform programs recorded annual GDP declines.
- With IDA's support, India's reform program has led to renewed growth, expanded exports, and substantial private capital flows—$6 billion last year.
- IDA is backing reform and growth in the poorest states of the former Soviet Union, such as Armenia, Georgia, and Kyrgyzstan.

And among IDA's many "graduates" are strongly growing economies such as Botswana, Chile, Indonesia, Korea, and Turkey.

Again, the list could go on, but the message is the same: IDA helps the poorest countries of today become the competing merging markets of tomorrow."

Oil Loan Will Promote Private Investment

AZERBAIJAN, *from page 1*

remaining petroleum deposits is absolutely essential to reversing the current economic decline.

"Attracting foreign investment for petroleum development is critical to Azerbaijan's prospects for economic recovery," says Jonathan Brown, chief of the Bank's Infrastructure, Energy and Environment Division for part of Eastern Europe and Central Asia. "Increased oil production would help to pay for much-needed expenditures on health, education, and essential infrastructure."

To begin tackling the formidable problems of the petroleum industry, the Bank's International Development Association (IDA) approved its first loan to Azerbaijan on April 20. The $20.8 million credit will help create a framework for encouraging private investment in petroleum, and help tackle the many environmental problems plaguing the industry. Until now, foreign investment in petroleum exploration and production has been hampered by the lack of an appropriate legal and fiscal framework.

A key component of the project will provide assistance to the government to develop legislative guidelines for foreign investment in petroleum exploration and production. In addition to financing advisors, the credit will support training for the staff of the state oil company in commercial aspects of oil industry management, and for computer and communications equipment.

The myriad problems in the oil industry existed even before the breakup of the Former Soviet Union. Throughout the 1980s, under investment led to a decaying infrastructure and inferior technologies, as well as the underdevelopment of offshore fields in the Caspian Sea. These problems, even more pressing now that Azerbaijan is trying to regain its economic footing, have resulted in a near catastrophic decline in the oil industry.

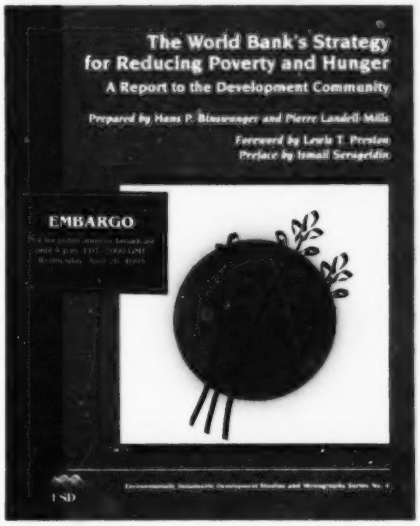
Although Azerbaijan has recently signed agreements with major international oil companies to develop offshore oil fields, the project will finance advisors to further assist in developing oil reserves in cooperation with foreign companies and in addressing the question of constructing an oil export pipeline. Such a pipeline is crucial if Azerbaijan and other states bordering the Caspian Sea are to export substantial quantities of oil to world markets.□

☎For More Information *on Azerbaijan and the World Bank, contact Jan Pakulski at (202)473-1797.*

Hunger Policies Cheap and Proven

HUNGER, *from page 2*

- Reducing vitamin A, iodine and iron deficiencies which have been shown to lower resistance to disease, cause mental retardation, and cut productivity.
- Expanding child immunization from the current 80 percent of children in developing countries to 90 percent.
- Controlling parasitic infections such as intestinal worms that cause anemia and malnutrition
- Encouraging a shift from general food subsidies to targeted assistance for children, nursing mothers and the very poor.
- Helping for prepare for, and respond to, droughts.
- Programs which provide incomes for targeted groups, education for disadvantaged groups such as girls, and financial services to the poor, especially women.
- Locally organized country consultations during which governments, CBOs, NGOs, donors and the Bank can improve policies and actions for reducing hunger. The first such consultations are likely to be in Mali.



Many of these micro-level interventions are proven and cheap and have often been pioneered by United Nations agencies. Rectifying vitamin A, iodine and iron deficiencies, for example, would cost just $1 per person per year. Yet, said David de Ferranti, director of the Bank's Population, Health and Nutrition department, "no one knew that five years ago."

The report grew out of the conference on international hunger hosted by the Bank in 1993. At the conference, which brought together NGOs, governments, donors and United Nations Agencies, the Bank announced a $2 million grant to the Grameen Trust of Bangladesh. As part of the follow up to the conference, the Bank is establishing with several donors a Consultative Group to the Assist the Poor (CGAP), which will have $100 million to lend to the very poor and be modeled on the successful Grameen Bank.□

☎For More Information *on the Hunger report, contact John Mitchell at (202) 473-2475.*

Development Agenda

Date	Event	Sponsor	Location	Telephone
APRIL				
27-28	Transport India 95	Indian Ministry of Surface Technology and Ministry of Railways	Singapore	(202)458-2838*
MAY				
1-2	Annual Bank Conference on Development Economics	World Bank	Washington	(202)473-2475*
9	Environment for Development	The New England Environment Expo	Belmont, MA	(202) 473-3676*
11	Presentation: General Overview of Economic Development in Middle East and North Africa	Japan Int'l University	Japan	(202)473-2318*
17	Panel Discussion on the Role of Multilaterals in Developing Infrastructure in Latin America	World Congress, Inc.	Mexico City	(202)473-2763*
22-26	Mid-term Meeting	Consultative Group on Int'l Agricultural Research	Nairobi	(202)473-8913*
23	Conference on Middle East/North African Countries	World Bank	Washington	(202)473-2318*
26	Kazakhstan Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
29	Azerbaijan Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
30	Kyrgyz Republic Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
29-31	Latin American Power Industry Summit	AIC Conferences	Santiago	(202)473-1033*
JUNE				
15-17	G-7 Meeting	G-7 member countries	Halifax	G-7 Gov't ministries

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

EVENTS

Brazil's First Lady Gets Poverty Briefing

Dr. Ruth Cardoso, Brazilian first lady and a noted anthropologist, visited the World Bank's Washington headquarters this week for a briefing on the Bank's work to reduce poverty in developing countries. Cardoso, president of a new national drive to improve Brazil's social programs, requested the overview of Bank efforts to reduce rural poverty in Northeastern Brazil and in other countries.

Brazil is one the largest recipients of World Bank assistance. The Bank has loaned the country more than $21 billion for four main areas: economic stabilization, poverty reduction, infrastructure development and environmental management.□

M. Iannacci

Ruth Cardoso

WORLD BANK ROUNDUP

CHINA A $100 million World Bank loan and a $110 million IDA credit approved April 25 will help finance an ambitious plan to improve irrigation and reduce deadly flood damage in China's Yellow River Basin. The project will repair and upgrade irrigation systems, flood control and drainage systems. It will help build a multipurpose dam for both power generation and flood control, as well as resettle the reservoir population. The project also includes institution strengthening components for local water and irrigation groups.

A second project for China approved April 25 seeks to help the government further its efforts to adapt the tax system to a free-market economy. The $25 million Bank loan and $25 million IDA credit will help establish a national administration capable of implementing the on-going reforms of the tax system throughout the country. Contact Rachel McColgan-Mohamed at (202) 458-0358.

COLOMBIA Small farmers in Columbia will get a boost from a $51 million World Bank loan that seeks to raise their income by raising their productivity. The loan, approved April 20, helps finance a plan to introduce yield boosting crops and techniques, higher-value crops and environmentally sound practices. It is expected to aid some 350,000 small farmers. The project will also promote more competitive agricultural research. Contact Ciro Gamarra at (202) 473-8721.

CROATIA A World Bank loan of $80 million approved April 20 will help Croatia repair some of its war-damaged roads and slow the deterioration of its highway network. The project will also help complete work in upgrading the system to meet changing transport demand. The loan will finance advice and training for policymakers and maintenance personnel, as well as policies to improve road safety and highway funding. Contact Jan Pakulski, (202) 473-1797.

ESTONIA A broad ranging project seeks to improve the environment and reduce pollution in Estonia's Haapsalu and Matsalu Bays. The program, backed by a $2 million World Bank loan approved April 20, will cut the discharge of inadequately treated wastewater into the waterways through water supply and sanitation systems. It will improve management of various pollution sources, promote sustainable development in the area, and strengthen the environmental capacity of government agencies. Contact Jan Pakulski, (202) 473-1797.

RUSSIA The World Bank Board on April 25 gave approved the $99 million emergency loan to help Russia clean up the massive Komi oil spill (see World Bank New, April 13). The funds will help finance emergency containment and clean-up, assistance to affected people and areas, replacement of pipeline sections, and improvements in the local company's spill-fighting capacity, as well as studies for future transport options. Contact Jan Pakulski, (202) 473-1797.

VIET NAM Viet Nam will boost rice production and farmers' incomes with help from a $100 million IDA credit approved April 25. The project will rehabilitate key parts of the country's dilapidated irrigation system, and it will improve the future design, operation and maintenance of irrigation in Viet Nam. Contact Rachel McColgan-Mohamed at (202) 458-0358.

WORLD BANK NEWS

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